



FmHA AN No. 3043 (1951-C)
July 29, 1994

SUBJECT: Internal Revenue Service Offset - Tax Year 1994
First Screening Process

TO: State Directors
District Directors
County Supervisors

PURPOSE/INTENDED OUTCOME: The purpose of this AN is to provide field offices with procedures for the online screening of delinquent borrowers who are potentially eligible for Internal Revenue Service (IRS) offset for Tax Year 1994.

COMPARISON WITH PREVIOUS AN: No AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES: On August 5, 1994, the Finance Office (FO) will make available to all field offices an online screen that will allow the County Offices to delete borrowers who are ineligible for IRS offset. IRS offset screening will be a menu selection from the Online Subsystem Selection Menu as **IRSOFFST**.

All field offices will have the capability to view those borrowers within their jurisdiction who are potentially eligible for offset. Only the servicing County Offices will be able to delete borrowers from within their jurisdiction.

Servicing County Offices shall:

1. Review Attachment 2 for information on how to view and/or remove borrowers from IRS offset.
2. Review the online list to determine if any of the borrowers fall into a category listed in Attachment 1.
3. If any borrower is ineligible for IRS offset due to the criteria in Attachment 1, input the appropriate deletion code in the **DLT CDE** field on the online screen and hit enter. This is the only field on the screen where the servicing counties can enter or change data. Once you have entered the delete code in this field and pressed the enter key, the delete code will disappear from the **DLT CDE** field and move to the **DELETE CODE** field. Also, a date will show up in the **DELETE DATE** field.

EXPIRATION DATE: December 31, 1994

FILING INSTRUCTIONS:
Preceding
FmHA Instruction 1951-C



4. Deletion codes can only be changed before the deadline of Tuesday, September 20, 1994. If a borrower was deleted by mistake, input "00" in the DLT CDE field to the left of the borrower's name, then press enter. This will allow the borrower to remain eligible for offset. If an incorrect deletion code was entered, input the correct code in the DLT CDE field, then press enter.

5. Input the necessary deletion codes NO LATER THAN Tuesday, September 20, 1994. Due process letters informing the borrowers of FmHA's intent to refer their names to IRS for offset will be mailed to all borrowers who are not deleted by this deadline.

The State Offices shall:

1. Ensure that your field offices comply with the requirements and deadlines established in this AN. The FO will no longer be providing to State Offices a list of their counties that have not completed the IRS offset screening. Therefore, it is essential that the State Offices follow up with the County Offices to make sure that the screening has been completed by the deadline.

2. To verify that all the County Offices have reviewed the online screens and made changes, view each county's list to see if the DELETE CODE field has been changed from "00" for any borrower. If this field is "00" for all borrowers in that county, either they have no deletes or they have not processed the deletes yet. Contact these counties to verify that the screening has been done.

If you have any questions, please call Jeanne Hudec at the National Office at (202) 720-4356.


MICHAEL V. DUNN
Administrator

Attachments (2)

INELIGIBILITY CRITERIA AND DELETION CODES

General Codes

- 01 Account has been referred to OGC for foreclosure and, based on the legal opinion required by FmHA Instruction 1951-C, section 1951.103(c), a collection by offset would jeopardize the litigation under State law. Existence of a foreclosure action pending flag is not a determining factor.
- 02 Account has been discharged in bankruptcy or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Existence of a bankruptcy action pending flag is not a determining factor.
- 03 Account has a suspend code.
- 04 Account has been assigned to a collection agency.
- 05 Account is past due by less than \$25, or if the borrower has multiple loans, the net amount past due is less than \$25.
- 06 Borrower is a Federal employee and collection is feasible under salary offset.
- 07 Borrower was indebted to FmHA prior to entering full time active duty military service and the account is being serviced in accordance with FmHA Instruction 1950-C.
- 08 Account is current under a subject to approved adjustment (SAA).
- 17 Account is current or paid in full.
- 18 Account has been referred to the Department of Justice for litigation.
- 19 Account has been otherwise satisfied or the borrower is ineligible for a reason not listed in this attachment.

Single Family Housing Borrowers:

Fund Codes: 36, 37, 46 and 47

- 09 Borrower has one loan and it is less than 3 monthly payments delinquent (or, if annual borrower, the equivalent of less than 3 monthly payments for annual payments past due) or more than 9 years delinquent.
- 10 Borrower has multiple loans, and the net amount past due is less than 3 monthly payments on the delinquent loans (or the equivalent of less than 3 monthly payments for annual payment borrowers).
- 11 Account is under a moratorium.
- 12 Account has a delinquency workout agreement in effect and payments under the agreement are current.

Farmer Program Borrowers:

Fund Codes: All fund codes less than 50 except 36, 37, 46, and 47

- 13 Borrower is a partnership or corporation and/or is identified in the accounting system by an Employer Identification Number (EIN) rather than a Social Security Number (SSN).
- 14 Account is less than 180 days past due.
- 15 Borrower has not completed all primary servicing options available (including appeals) at the time of final offset screening by the field and the borrower's account has not been accelerated.
- 16 If the account was accelerated prior to instituting FmHA Instruction 1951-S servicing in 1987, the borrower's loans are being serviced under FmHA Instruction 1951-S, the borrower requested a 1951-S appeal and the appeal has not been concluded.

1. Select IRSOFFST from the ONLINE SUBSYSTEM SELECTION MENU.

BORROWERS SELECT MENU

-----OPTIONS-----

1. VIEW BORROWERS BY STATE AND COUNTY
2. VIEW BORROWERS BY CASE NUMBER
3. RETURN TO ONLINE SUBSYSTEM SELECTION MENU

ENTER OPTION:
ENTER STATE AND COUNTY:
ENTER CASE NUMBER:

PLEASE SELECT OPTION AND STATE/COUNTY OR CASE NUMBER TO CONTINUE

2. Enter the desired option screen.
3. If Option 1 is selected, enter the 5-digit state and servicing County Office code to view the IRS offset data for the counties within the servicing office jurisdiction. For RDA, enter the servicing District Office code.
4. If Option 2 is selected, enter the 15-digit case number to view the data for a specific borrower.
5. Press the enter key to go to the next screen.

MENU 3

EXAMPLE

BORROWERS ELIGIBLE FOR IRS OFFSET

DLT CDE:	NAME	CASE NUMBER		DELQ DATE	DELINQUENT AMOUNT	MONTHS DELQ
		LOANDELETE NBR CODE	DELETE DATE			
	FARMER, JOE	01-002-0345678910		01/01/88	\$22,536.78	15
	FARMER, JULIE	01 00				
	HOMEOWNER, HARRY	01-002-0222222222		04/24/86	\$5,000.00	24
		01 11	8/23/94			

PRESS CLEAR TO EXIT
PRESS ENTER TO UPDATE

PRESS PF8 TO PAGE FORWARD
PRESS PF7 TO PAGE BACK

6. To delete a borrower from IRS offset, input the 2-digit deletion code in the DLT CDE field to the left of the borrower's name, then press enter. See Attachment 1 for a list of deletion codes. The DELETE CODE field shows the updated delete code you entered or a "00" if the borrower is to remain eligible for offset.
7. Press enter after inputting each delete code or before going to the next screen. If you go to the next screen without pressing enter, your deletes will NOT process.
8. Tab to select another borrower, press PF7 to move back one page, or press PF8 to move forward one page.
9. A deletion code can be changed at any time before the deadline. Follow the instructions in #6.
10. To put a borrower back on the IRS list after the name has been deleted, input "00" in the DLT CDE field, then press enter. This can only be accomplished before the deadline.